

EX PARTE OR LATE FILED

6560 Rock Spring Drive
Bethesda, MD 20817
Telephone 301 214 3347
Fax 301 214 7145
Telex 197800
Internet bruce.henoch@comsat.com

July 9, 1998

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARYMs. Magalie Salas
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554Re: Ex Parte Filing
In the Matter of Policies and Rules for Alternative Incentive-Based Regulation of
COMSAT Corporation, IB Docket No. 98-60

Dear Ms. Salas:

As part of its incentive regulation plan, COMSAT pledged to lower its International Digital Route ("IDR") tariff rates on thin routes by four percent immediately upon Commission approval, and four percent annually thereafter.¹ COMSAT also explained that large carriers, such as AT&T, obtain IDR services from COMSAT pursuant to intercarrier contracts on file with the Commission, and under those contracts already pay the same competitive transaction rates for service on thin routes as they do on the thick routes. COMSAT further noted in its Reply Comments that, since 1992, it has lowered its space segment rates to AT&T every year.² In particular, COMSAT's average rate to AT&T for a 64 kb digital voice circuit has dropped 45 percent, from \$650 to \$361, in that five-year period.

Despite these substantial reductions, AT&T contends that the same price cap scheme now applicable to large local exchange carriers is necessary to ensure that consumers of COMSAT's services obtain competitive transaction rates on the thin routes. AT&T's assertion is all the more remarkable because, as COMSAT noted, while it has reduced its satellite services rates to AT&T, AT&T has routinely raised its basic outbound direct dial international rates over the same period. After the pleading cycle in this proceeding closed, AT&T once again raised its international calling rates. Specifically, as the attached "Notice to AT&T Long Distance Customers" demonstrates, AT&T raised its weekend rates for USADirect Optional Calling Plan A by nearly 20 percent for calls originating in all foreign countries except Bosnia-Herzegovina, Croatia, and

¹ See Comments of COMSAT Corp, IB Docket No. 98-60, filed May 29, 1998; Reply Comments of COMSAT Corp., IB Docket No. 98-60, filed June 12, 1998.

² COMSAT Reply Comments at 6, n.11.

Hungary, and its weekday rates by nearly eight percent for 101 countries, ten of which are on the Commission's list of thin-route markets.

Pursuant to Section 1.1206 of the Commission's rules, two copies of this letter are enclosed.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Bruce A. Heno", written in a cursive style.

Bruce A. Heno
General Attorney

Attachment

cc: Chairman William E. Kennard
Commissioner Susan Ness
Commissioner Harold Furchtgott-Roth
Commissioner Michael Powell
Commissioner Gloria Tristani
Regina M. Keeney, Chief, International Bureau
James Ball, Associate Chief, International Bureau
Lawrence J. Lafaro, Esq.
Randolph J. May, Esq.
W. Kenneth Ferree, Esq.

NOTICE TO AT&T LONG DISTANCE CUSTOMERS

On June 19, 1998, AT&T filed tariff revisions with the Federal Communications Commission to increase the USADirect Optional Calling Plan-Option A Classic Plan (marketed as Military Saver PlusSM) usage charges as follows:

1. An average increase of 7.92% for calls placed on any day but Saturday or Sunday, which originate in Albania, American Samoa, Angola, Anguilla, Antigua, Argentina, Aruba, Australia, Austria, Bahamas, Barbados, Belgium, Belize, Bermuda, Bolivia, Brazil, British Virgin Islands, Brunei, Cambodia, Canada, Cayman Islands, Chile, China, Colombia, Cook Islands, Cyprus, Czech Republic, Denmark, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Faeroe Islands, Fiji Islands, Finland, France, French Antilles, French Guiana, Gibraltar, Greece, Grenada, Guantanamo Bay (U.S. Naval Base), Guatemala, Guyana, Haiti, Honduras, Iceland, India, Indonesia, Ireland, Israel, Jamaica, Jordan, Lebanon, Liechtenstein, Luxembourg, Macao, Macedonia, Malaysia, Malta, Marshall Islands, Mexico, Micronesia, Monaco, Montserrat, Netherlands, Netherlands Antilles, New Zealand, Nicaragua, Norway, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Slovakia, Solomon Islands, Spain, Sri Lanka, St. Kitts/Nevis, St. Lucia, St. Pierre & Miquelon, St. Vincent and The Grenadines, Suriname, Sweden, Switzerland, Syria, Taiwan, Thailand, Trinidad & Tobago, Turkey, Turks & Caicos Islands, Uruguay, Venezuela, Vietnam, or Yemen.
2. An average increase of 19.26% for calls placed on Saturday or Sunday that originate in all international countries/areas except Bosnia-Herzegovina, Croatia, or Hungary.

These revisions become effective on June 22, 1998.